



# **ASC CONTRACTING**

## **ASC/CC**

# **FOCUS WEEK TRAINING**

## **(CONTRACT CLOSEOUT)**



# OVERVIEW

- ◆ THE WHY AND WHEN
- ◆ OPERATING STRUCTURE and PERSONNEL INVOLVED
- ◆ SIMULTANEOUS FILE COORDINATION
- ◆ TIME STANDARDS and QUICK CLOSEOUT
- ◆ PROCESSES and AUTOMATION SUPPORT



# **THE WHY**

- ◆ **Verifies complete contract compliance before Government processes closeout documentation**
- ◆ **Forces release of excess obligated/expired funds prior to cancellation**
- ◆ **Establishes contract closeout discipline (e.g., classified disposition, plant/property clearance and final patent/royalty reporting)**
- ◆ **Reduces administrative burden of tracking “active” contracts**



# THE WHEN

A contract may only be closed when it is considered to be:

- ♦ **Physically Complete**
  - deliveries complete / supplies inspected and accepted
  - services performed / Government accepted
  - option provisions expired and/or contract terminated
  - AND**
- ♦ **Administratively Complete**
  - all administrative actions accomplished
  - all releases executed
  - final payment made



# **OPERATING STRUCTURE and PERSONNEL**

## **• INVOLVED**

### **♦ OPERATING STRUCTURE**

- Cradle-to-grave -- PCO is the ACO also**
- PCO and in-plant ACO -- PK org delegates to DCMC plant offices**
- PCO and external ACO -- PK org delegates to DCMC area offices**

### **♦ PERSONNEL INVOLVED**

- |                             |                                |
|-----------------------------|--------------------------------|
| <b>-PCO - ACO - TCO</b>     | <b>-Property administrator</b> |
| <b>- DCAA Auditor</b>       | <b>-Project/program office</b> |
| <b>-Legal counsel</b>       | <b>-Contractor</b>             |
| <b>-Financial community</b> | <b>-DFAS</b>                   |



# **FILE COORDINATION**

**All records/documentation of the following offices should agree prior to final closeout:**

- ◆ **Procuring contracting office**
- ◆ **Contract administration office**
- ◆ **Paying office**
- ◆ **Finance office**

**The program/project office and contractor input to the closeout process is obtained by these final four contract closeout action offices**



# **CONTRACT ADMINISTRATION RESPONSIBILITIES**

HAR 42.302(a) reference to HAR 4.804-5

- accomplished by DD Forms 1593 and 1597**
- classified material disposition**      **-final patent report**
- final royalty report**      **-no outstanding VECPs**
- plant clearance report**      **-property clearance report**
- interim/disallowed costs**      **-price revision complete**
- subcontracts settled by prime**      **-prior year indirect cost rates**
- termination docket complete**      **-contract audit complete**
- contractor closing statement**      **-final invoice/voucher**
- review funds and recommend excess funds deobligation**



# **CONTRACT COMPLETION STATEMENT -- DD Form 1594**

**There are two versions of this form:**

- ◆ **manual form issued by the ACO**
- ◆ **ACO automated format PK9 in MOCAS**
  - Use ConWrite Closeout 1594

**The full and satisfactory accomplishment of  
required actions is acknowledged on this form  
by the ACO and PCO. It becomes a permanent  
part of the official contract closeout file**



# **CLOSEOUT TIME STANDARDS**

Reference FAR 4.804-1(a) -- after CO receives evidence of physical completion, close on following schedule:

- ◆ **Small Purchase - upon receipt & payment**
- ◆ **Firm Fixed Price contract - within 6 months**
- ◆ **Cost/FPI/T&M contracts (any contract requiring settlement of indirect cost rates) - within 36 months**
- ◆ **All Other contracts (labor hour) - within 20 months**
- ◆ **Quick Closeout - FAR 42.708**
- ◆ **Exceptions: litigation / appeal / termination**



# **QUICK CLOSEOUT PROCEDURES**

**FAR 42.708**

**Contracting officer shall use quick closeout procedure if:**

**1. Contract is physically complete**

**AND**

**2. Insignificant amount of unsettled indirect costs**

**-Individual contract - up to \$1M unsettled indirect costs**

**-Kr cumulative total <= 15% w/in FY- (PCO can waive)**

**AND**

**3. agreement reached on reasonable estimate of allocable dollars**

# CONTRACT CLOSEOUT PROCESS





# **CONTRACT PHYSICALLY COMPLETE**

- ◆ This is the time to start contract closeout
  - delivery orders issued under contracts
- ◆ Final DD 250z received
- ◆ Standard time for closing has not lapsed  
Far 4.804-1 (a)
  - Small Purchase - upon receipt
  - FFP - within 6 months
  - Settle indirect cost rates - within 36 months
  - all other - within 20 months



# COMPLIANCE WITH TERMS AND CONDITIONS

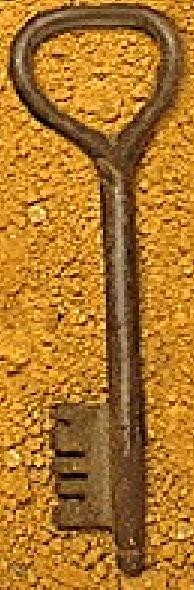
- ◆ Conformed contract
  - readable as a single document
- ◆ Resolution of the following:
  - ECP - CCP - VECP
  - Award fee final
  - Warranty complete
  - Savings clauses definitized



# **LEGAL MATTERS RESOLVED**

Include consideration of the following:

- Royalties      -Litigation
- Claims          -Disputes
- Terminations    -Data Rights
- Equitable Adjustments    -Patents
- Defective Pricing



# CLOSEOUT DOCUMENTS INITIATED

- ◆ Arrangements made for disposition of
  - government property
  - classified
- ◆ Patent and plant clearance in process
- ◆ Review and release withhold
- ◆ Initiate review of ULOs and execution of interim billing adjustments



# **CLOSEOUT DOCUMENTS OBTAINED**

- ◆ Government property / classified / patents / plant clearance - completed
- ◆ Completion of ULO review and execution of interim billing adjustments
- ◆ Coordination with ACO

**-Contract closeout check-list  
(DD Form 1593/1597)**



# **FINAL SETTLEMENT & PAYMENT**

- ◆ Verify subcontracts closed
- ◆ Settle final price and issue modification
- ◆ Verify final invoice/payment made by DFAS
- ◆ Verify any excess funds cleared (FM)



# ALL RECORDS CLEARED & CONTRACT CLOSED

- ◆ Reconfirm no outstanding issues
  - Contractor
  - Government
    - acquisition
    - payment
    - accounting
- ◆ Retire the contract



# **FINANCIAL AUTOMATION SUPPORT**

**The following systems have been created to realign accounting operations and focus on standardizing financial systems:**

- ◆ **DFAS database**
  - MOCAS - records of payments on contracts
- ◆ **FM databases:**
  - CRIS/BQ - commitments, obligations and expenditures for certain accounting and disbursement stations
  - CPAS - central procurement, research/development and
    - FMS disbursement transactions